

Alabama Power Company and The Southern Company

HARLEE BRANCH, JR.





"Were American Newcomen to do naught else, our work is well done if we succeed in sharing with America a strengthened inspiration to continue the struggle towards a nobler Civilization—through wider knowledge and understanding of the hopes, ambitions, and deeds of leaders in the past who have upheld Civilization's material progress. As we look backward, let us look forward."

—CHARLES PENROSE
(1886-1958)

*Senior Vice-President for North America
The Newcomen Society
for the study of the history of
Engineering and Technology
(1923-1957)
Chairman for North America
(1958)*



This statement, crystallizing a broad purpose of the Society, was first read at the Newcomen Meeting at New York World's Fair on August 5, 1939, when American Newcomen were guests of The British Government

"Actorum Memores simul affectamus Agenda"

This Newcomen Address, dealing with the history of the Alabama Power Company and The Southern Company, was delivered at a National Newcomen Dinner of The Newcomen Society in North America, held at Birmingham, Alabama, when Mr. Harllee Branch, Jr., was the guest of honor and speaker, on June 14, 1966.



Acknowledgment

The corporate roots of The Southern Company go back more than a century. One of the predecessor companies of its Georgia subsidiary was chartered in 1855 and the first corporation to bear the name Alabama Power Company was launched in 1900.

It would be impossible, of course, to cover in detail such a long and eventful corporate history in a paper intended for oral presentation. I have sought, therefore, to treat of only one line of Southern's antecedents, namely those in Alabama.

A definitive record of its Georgia antecedents was prepared and published by the late Wade H. Wright, Vice-President and Secretary of the Georgia Power Company, in 1957, and was summarized by me in a Newcomen address before the Atlanta Society in that year.

Perhaps, at a later date, I shall have the privilege of recounting the history of The Southern Company and its affiliates in Florida and Mississippi. If not, it will be done by someone else.

In preparing this paper I have relied heavily upon "The Story of Electricity in Alabama," a scholarly history published in 1952 by the late Thomas W. Martin, and upon his 1951 Newcomen address in Birmingham entitled "Forty Years of the Alabama Power Company, 1911-1951."

Acknowledgment is also made of the debt which I owe to Messrs. Richard A. Peacock, David D. Lavies, and Thomas F. Ryan and to Mrs. Evelyn J. Haynes, all of the Alabama Power Company, for their invaluable aid in the preparation of this paper. My thanks also go to Mr. James F. Ziglar, of Georgia Power Company; Mr. J. E. Stone, Jr., of Mississippi Power Company; and Mr. H. W. Olcott, of Gulf Power Company, who assisted me in research.

—HARLEE BRANCH, JR.



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HARLEE BRANCH, JR.

MEMBER OF THE NEWCOMEN SOCIETY

PRESIDENT

THE SOUTHERN COMPANY

ATLANTA



THE NEWCOMEN SOCIETY IN NORTH AMERICA
NEW YORK DOWNTOWN PRINCETON PORTLAND

1967

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Library of Congress Catalog Card Number: 62-21867



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First Printing: April 1967



SET UP, PRINTED AND BOUND IN THE UNITED STATES
OF AMERICA FOR THE NEWCOMEN SOCIETY IN
NORTH AMERICA BY PRINCETON UNIVERSITY PRESS



INTRODUCTION OF MR. BRANCH AT BIRMINGHAM, ON
JUNE 14, 1966, BY MR. WALTER BOULDIN, PRESIDENT,
ALABAMA POWER COMPANY, MEMBER OF THE ALABAMA COM-
MITTEE IN THE NEWCOMEN SOCIETY IN NORTH AMERICA.

My fellow members of Newcomen:

It is fitting that this Newcomen meeting, at which we are all remembering the late great Thomas W. Martin, should have as speaker a man of the stature of Harllee Branch, Jr.

His contributions to the South and the Nation as a lawyer, business executive, and public-spirited citizen cannot be recited in any reasonable time; but a few instances may illustrate their wide range and magnitude.

In the electric industry he is not only the chief officer of one of the greatest electric systems on earth, he is the industry's most eloquent and effective spokesman. He has earned that industry's highest honors as President of Edison Electric Institute, the industry's national association; as President of Southeastern Electric Exchange; as international representative to the Pan American Power Conference in Mexico, and as United States Observer to the Atoms for Peace Conference in Geneva, Switzerland.

The breadth and depth of his comprehension of the business world have made him a Director of the Nation's greatest corporations including Southern Railway Company, General Reinsurance Corporation, United States Steel, and General Motors. That comprehension also made him a Director and member of the Policy Committee of the United States Chamber of Commerce.

Keenly interested and active in the educational world, Mr. Branch is a Trustee of Emory University, Davidson College, Georgia Tech Research Institute, Columbia Theological Seminary, United Student Aid Funds, and Honorary Trustee of the Woman's College of Georgia. Among his recognitions in this field are honorary degrees from Davidson College, Emory University, and our own Samford University.

Typical of his patriotism and dedication is Mr. Branch's record of public service as Director and Deputy Chairman of the Federal

Reserve Bank of Atlanta, Vice-Chairman of the Georgia Nuclear Energy Advisory Commission, Director of the YMCA Council of Georgia, the Georgia 4-H Foundation, and Member of the Advisory Board of St. Joseph Infirmary.

This patriotism and dedication have brought him to service on the national level as a member of the Federal Advisory Council on Employment, and as one of the 65 leading businessmen of the Nation comprising the business council advising all branches of the federal government on policy matters.

His philosophy is well attested by the award of the George Washington Honor Medal presented to him by the Freedoms Foundation at Valley Forge.

His ultimate loyalty is expressed by his service as Elder of the Trinity Presbyterian Church of Atlanta.

I, and his many other associates here tonight, take a justifiable pride in presenting Mr. HARLEE BRANCH, JR.

My fellow members of Newcomen:

WE are rarely able to trace a dream from its inception to fulfillment. This is partly because few men press their dreams to realization; partly because those who do are usually too busy with execution and accomplishment to record the beginnings of their aspirations.

The Southern Company is the product of a dream—one happily recorded by the dreamer at the moment of inspiration and thereafter diligently pursued and carefully documented by a devoted and history-conscious colleague.

James Mitchell was the dreamer, the innovator, and the planner; Thomas W. Martin the achiever and the historian.

On a wall outside Mr. Martin's office in the Alabama Power Company building in Birmingham there hung, until his death in 1964, a map prepared more than a half century earlier by Mr. Mitchell. The map delineated Mr. Mitchell's unique dream of an interconnected and fully-coordinated electric utility system spanning the Southeast—a power grid which would tie distant communities and markets to low-cost sources of electricity, making possible the industrialization of what was then an economically retarded, largely agrarian region.

From points on the Tallapoosa, Coosa, and Tennessee rivers in Alabama, Mr. Mitchell in 1912 plotted the outlines of an electric system having geographical bounds not unlike that of The Southern Company system as it exists today, except that Mr. Mitchell had no way of foreseeing the intrusion by the Tennessee Valley Authority into the northern portion of his projected service area.

It is a tribute to his vision that, at the very river locations marked on his map, Alabama Power Company's Martin Dam on the Tallapoosa, its Jordan Dam on the Coosa, and TVA's Wilson Dam on the Tennessee, have since been constructed.

I referred to James Mitchell as a dreamer. That does not mean that he was a visionary. On the contrary, he was very much the practical man of action. A native of Canada, he moved with his parents to Massachusetts in 1881, and there was trained in building electric railway motors. His interest in electric railways

broadened into an interest in the whole art of generating and using electricity and that interest in 1911 brought him to Alabama after long sojourns in Brazil, England and Japan. He came to Alabama at the suggestion of another electric pioneer, the world-renowned George Westinghouse.

One of his first stops in Alabama was at Cherokee Bluffs on the Tallapoosa River, where Alabama Power Company's Martin Dam stands today. At that time, four separate groups of farsighted Alabamians were seeking to promote electric power developments on the State's major rivers.

The four groups had organized separate corporations and had acquired dam sites, riparian rights, and lands at virtually every location on the Coosa, Tallapoosa and Tennessee offering any real chance of economic development.

Recognizing that it would be impossible for all four groups, operating independently, to obtain the vast amounts of capital required to build projects capable of bringing dependable and low-cost electricity to the State and the region, James Mitchell set about to combine the four groups, to resolve their conflicting interests and to formulate broad and comprehensive plans of development.

He was aided in these pioneering tasks by Thomas W. Martin, a brilliant and highly regarded young attorney, whose legal ability and love for his native State had already won him appointment as Assistant Attorney-General of Alabama. Mr. Martin was captivated by the thought of what Mr. Mitchell's plans could mean for Alabama and the South and he set about to bring those plans to fruition. Mr. Mitchell's dream became the absorbing and moving force of Mr. Martin's life, leading him to the very pinnacle of American utility leadership and to recognition as Alabama's No. 1 industrialist.

In his 1951 Newcomen address and in his definitive history of Alabama Power Company, published several years ago, Mr. Martin described the difficult, sometimes dismaying problems involved in the early fulfillment of Mr. Mitchell's great purpose. I shall, therefore, touch only lightly upon the early years.

The first step in the execution of Mr. Mitchell's program was

the incorporation on January 5, 1912, of Alabama Traction, Light and Power Company, Ltd., created for the specific purpose of acquiring the common stocks of the several isolated and independent electric companies in Alabama. To secure the necessary funds to acquire those companies, Alabama Traction in the beginning sold its own securities to English and Canadian investors, later to Americans.

A leader with Messrs. Martin and Mitchell in the establishment of the Alabama Power Company and Alabama Traction and Power Company was William H. Hassinger, a highly respected Birmingham industrialist and capitalist. Two of Mr. Hassinger's sons, William, Jr., and Robert, served with the Alabama Power Company after completion of their educations, William serving until his death in 1963. A son-in-law, Judge William H. Brantley, Jr., became a Director of The Southern Company at the time of its incorporation in 1947 and continued to serve in that capacity until his death in 1964. Judge Brantley was a distinguished member of the Birmingham Bar Association, a talented trial attorney and a scholarly historian. He was the author of a number of books and papers on Alabama history. His long service with The Southern Company and its predecessors brought him recognition as an authority on utilities and won him the enduring respect and affection of his colleagues. Others of Mr. Hassinger's descendants continue to this day to maintain an active interest in the affairs of The Southern Company and its operating subsidiaries.

With Alabama Traction organized, Mr. Mitchell began taking options on Alabama hydroelectric sites, one of the earliest being acquired from Captain William Patrick Lay, who had founded the first Alabama Power Company in Gadsden in 1906 and who had long envisioned development of the Coosa River for power production as well as for navigation and other purposes. Unfortunately, a lack of capital had frustrated Captain Lay's plans for development of the river.

The same problem plagued other owners of Alabama hydroelectric sites. Realizing that their problems could be solved only through unification, several of them, including the group which owned the choice Cherokee Bluffs site on the Tallapoosa agreed to sell their holdings to Mr. Mitchell. Captain Lay's company

was formally acquired by Alabama Traction on May 1, 1912 and a number of other consolidations and mergers took place during that and the following year. The achievements of Alabama Traction and its re-organized Alabama Power Company in fully developing the power potential of the lower Tallapoosa River and in linking Birmingham and other important cities by power transmission lines in the period from 1912 to 1914 were little short of miraculous. For those accomplishments, major credit belongs to the remarkable genius of Mr. Eugene A. Yates, who joined the companies in 1912, and his associates, particularly Oscar G. Thurlow and William E. Mitchell, the latter a brother of James Mitchell.

I shall have more to say about Mr. Yates and Mr. Mitchell later on but it is appropriate that we pause here to record the Southern system's great debt to the late Oscar Thurlow. He joined Alabama Power Company with Mr. Yates in 1912, and thereafter spent his time solving complicated problems too difficult for most engineers. He played a major role in the design and construction of numerous power projects in Alabama and, before his career ended, he had come to be recognized as one of America's outstanding engineers. His development of a backwater suppressor, eliminating loss of power during flood stages, represented a major contribution to the development of an effective hydro-electric technology. Mr. Thurlow died in Birmingham in 1956.

The outbreak of World War I brought serious dislocations to the newly-launched Alabama electric utilities. On August 1, 1914, the infant Alabama Power Company had to discontinue all construction work and by the end of that year found itself unable to meet its obligations to creditors or to raise funds to extend its electric lines to new customers and to additional communities which wished to abandon their own isolated generating plants.

At a meeting in London on October 21, 1914, the English bondholders of Alabama Traction, Light and Power Company, after hearing a description of the company's serious financial plight, generously agreed to waive interest on their bonds for three years; to cancel certain sinking fund conditions of the company's trust indenture; and, most importantly, to allow its subsidiary, Alabama Power Company, to issue and sell to the

public bonds and preferred stock which would have priority over the securities of Alabama Traction.

This magnanimous action placed the company in position to execute a new first mortgage on its properties, thus enabling it to sell bonds in America and hence to continue its ambitious plans for the electrification of Alabama.

With the completion of Lay Dam in 1914, another threat confronted Alabama Traction, and its major subsidiary, Alabama Power. This cloud appeared in the Spring of 1914 as the Lay Dam reservoir began to fill. Hundreds of residents of the area filed suits against the companies asserting that malaria-carrying mosquitoes were breeding in the waters impounded by the dam. Damages in excess of \$3 million were sought by the litigants.

With its financial position already made crucial by the war in Europe, an unfavorable decision in these suits would have been catastrophic for Alabama Power Company. As general counsel for the company, Mr. Martin went to Washington to confer with Dr. William Crawford Gorgas, then Surgeon-General of the Army and one of the world's eminent authorities on malaria. At Mr. Martin's urging, Dr. Gorgas came to Alabama to inspect the lake formed by Lay Dam and at the trial of the first mosquito case in February, 1915, he testified that the breeding places of malaria-carrying mosquitoes were to be found not in the waters of the reservoir but in rain barrels and other containers at the homes of the plaintiffs. As a result of his testimony, the jury returned a verdict in favor of the company. Appeals to the Supreme Court of Alabama and the Supreme Court of the United States failed to overturn this verdict, and the remaining suits were dismissed.

In recognition of the services of Dr. Gorgas in malaria control, Alabama Power Company's first major steam-electric generating plant on the Warrior River in Walker County, Alabama, was named in his honor. That plant, now muchly enlarged, is still a major source of power for today's Southern Company system.

In 1916, the Federal government decided to build a plant in Alabama to produce nitrates essential for the manufacture of World War I munitions. To supply the necessary electricity for

the nitrate plant, the government proposed to construct both steam and hydroelectric power plants. The site selected for this massive complex was at Muscle Shoals, on property then owned by Alabama Power Company. In an effort to expedite construction, the company transferred to the government its site, which included the surveyed location of a future power dam, for the nominal sum of \$1.

Ironically, it was the Muscle Shoals site which Alabama Power conveyed to the government for a mere \$1 that in later years became the center of a competitive power system built by Tennessee Valley Authority.

James Mitchell and his pioneering associates not only recognized the advantages which could be obtained by consolidating small, isolated electric companies within a single state, but they were among the first to point out the efficiency and economy that would result from linking the power systems of several states in a coordinated regional network.

It is significant that the desirability of interstate power pooling of the sort envisioned by Messrs. Mitchell, Martin, and Yates and their colleagues has now, nearly 45 years later, become a national objective in the U. S. based on an extensive survey conducted by the Federal Power Commission in 1964.

The feasibility of such interconnections in the Southeast was first demonstrated in studies made by Mr. Yates as early as 1919; and by 1920, serious discussions were already underway between the Alabama Power Company and the Georgia Railway and Power Company looking toward the creation of the Southeast's first major interstate power grid. In 1920 the Alabama and Georgia companies agreed to build a 110,000-volt tie-line between Alabama Power Company's Gadsden Steam Plant and a substation of the Georgia company at Lindale, near Rome, Georgia.

The merit of such interconnections was quickly proved. In October, 1921, Georgia was hit by a severe drought which drastically reduced its hydroelectric power supply. Alabama Power Company, which had leased the steam plant built by the government at Muscle Shoals, was able through its interconnection with the Georgia system, to supply power in this emergency not only for

the Georgia company but also for companies in the Carolinas with which Georgia Railway and Power Company was linked. Based on this experience, a second interconnection—this one with the Columbus Electric Company, another Georgia utility—was established in 1923. While these interconnections were significant, it soon became evident that maximum benefits could not be obtained without more complete coordination of the sort possible only under common corporate ownership.

To further that objective, Southeastern Power and Light Company was incorporated in 1924 as successor to Alabama Traction, with Mr. Martin as its President. Southeastern made many major contributions to the progressive development of an interstate electric utility network in the Southeast which, a quarter century later, was to become the backbone of The Southern Company system.

When a second serious drought occurred in 1925, many electric utilities in the South, including the Georgia Railway and Power Company, as well as companies serving Mobile, Pensacola, Gulfport, Meridian, and Hattiesburg, found themselves not only short of power but badly in need of capital as well. Southeastern, then only a year old, was available as a ready means for integrating the power resources of these companies into a fully coordinated, interstate system (as first visualized by Mr. James Mitchell). It was also ready to supply, on a sound basis, the capital they needed to strengthen their facilities. In the fall of 1925, Mr. Martin opened negotiations looking toward acquisition of properties in Georgia by Southeastern. Georgia Railway and Power Company, itself the product of several earlier mergers, was acquired in January, 1926. In 1927, several additional Georgia utilities were acquired and Southeastern promptly moved to consolidate them into a single operating entity under the name of Georgia Power Company.

Common ownership of the several companies in Alabama and Georgia provided numerous benefits, including greater flexibility in the utilization of executive and technical talent and experience. Thus, in April, 1927, William E. Mitchell, then Vice-President and Manager of Operations of Alabama Power Company, was transferred to the Georgia Power Company as its Vice-President

and General Manager. In 1945 he became President of Georgia Power.

Mr. Mitchell took with him to Georgia in 1927, two of his most valued associates, C. B. McManus and J. M. Oliver. The transfer of these men marked the beginning of a steady movement of personnel from one system company to another, with Alabama Power most often providing the trained manpower. At one point, some years after the transfer of Messrs. Mitchell, McManus and Oliver to Georgia, all but one of the top executives of the system companies were alumni of the Alabama Power Company.

Mr. McManus, for example, went on to become President of the Georgia Power Company in 1947, President of The Southern Company in 1950, Vice-Chairman of that company's board in 1956 and its Chairman in 1957.

Mr. Oliver, a native of Dadeville, Alabama, likewise rose to positions of top executive responsibility with Georgia Power Company, serving finally as its Executive Vice-President.

In this connection, it is also worthy of note that Georgia Power Company's current President, Edwin I. Hatch, a native of Uniontown, Alabama, received his early utility training at Alabama Power Company; as did Alvin W. Vogtle, Jr., now the Executive Vice-President of The Southern Company and Vice-Chairman of Southern Services, Inc.

As in Alabama and Georgia, Southeastern Power and Light pioneered in the early development of interconnected electric utility systems in Mississippi and Florida. Under Southeastern's sponsorship, the Mississippi Power Company was organized in 1924 and into it were merged a number of small utility properties in Southeast Mississippi.

In 1925 Gulf Power Company was created for the purpose of taking over similar properties in Northwest Florida.

The first General Manager of the Mississippi Power Company was Lonnie P. Sweatt, a gifted engineer and operating executive, who gained his first utility know-how with the Alabama Power Company which he served in numerous positions of responsibility, including the position of Division Manager in charge of that com-

pany's Montgomery office. In 1944, Mr. Sweatt was elevated to the Presidency of the Mississippi Power Company, a position he held nearly 14 years and until he became Chairman of its Board in 1958.

Also to the newly organized Gulf Power Company in 1925 were assigned several Alabama Power Company alumni, among them Lansing T. Smith and Robert L. Pulley, both of whom in time acceded to the Presidency of that company.

From the outset, Southeastern's operating subsidiaries sought to encourage the extension of electric service into rural areas as well as into more heavily populated localities. As early as 1920, long before the creation of REA, Alabama Power Company built a rural transmission line to serve ten farmers and a cotton gin in Madison County. It was the first rural electric line in Alabama. To further develop usage of electricity by farmers and rural residents, the company in 1922 contributed funds to Alabama Polytechnic Institute (now Auburn University) for rural electric research and itself built lines into several additional rural sections, seeking to discover ways in which electricity might best be made helpful to the farmer. E. C. Easter, then an associate professor of the Agricultural Engineering Department at API (later a Vice-President of the Alabama Power Company) was assigned to conduct field studies in rural electrification. Similar efforts to insure that farmers, as well as city dwellers, would benefit from electric service were undertaken by Southeastern's other operating subsidiaries in Georgia, Mississippi, and Florida.

Another pioneer undertaking by Southeastern and its operating affiliates was in the area of industrial development. Long before most states and cities in the South had sensed the region's need and its potential for industrialization, the Alabama and Georgia companies began active campaigns to encourage new industries to come into their areas. Alabama Power Company established a new industries division in 1920, believed to be the first such department created by an electric utility in the United States.

When it was created in 1927, Georgia Power Company likewise embarked upon a systematic campaign to bring new industries to its territory. Even earlier, its predecessor—the Georgia Rail-

way and Power Company—had engaged in industrial and area development activities. Similar programs were initiated by the Mississippi and Gulf companies.

After having made an indelible mark upon its service area by its varied promotional efforts, Southeastern with other public utilities was, in 1930, merged into the Commonwealth and Southern Corporation, a new holding company, again with Mr. Martin as its first President. Commonwealth and Southern acquired the common stocks of Consumers Power Company, a Michigan utility; Central Illinois Light Company; Southern Indiana Gas and Electric Company; Ohio Edison Company; and Pennsylvania Power Company (these five companies being known as the corporation's Northern group); and the Tennessee Electric Power Company; Alabama Power Company; Georgia Power Company; Gulf Power Company; Mississippi Power Company; and South Carolina Power Company, which became known as the Southern group.

While about 75 percent of Commonwealth and Southern's gross operating revenue in 1930 was derived from the sale of electricity, its affiliates were also engaged in numerous other businesses, including gas, steam heating, ice manufacture, cold storage warehousing, street railway operations, and coal mining.

Commonwealth and Southern had hardly been launched when it found itself caught up in the "Great Depression" of the 1930's. Its gross earnings declined steadily in the years 1930 through 1933; and, although gross earnings increased in 1934 nearly \$6 million, nevertheless because of mounting expenses and higher taxes its net income still moved downward.

However, the depression was only one of a number of major problems confronting the new company. Another was the creation of the Tennessee Valley Authority in 1933, and still another was the enactment of the Public Utility Holding Company Act of 1935.

Immediately upon its establishment, TVA began invading the established power markets of the company's Tennessee, Mississippi, and Alabama subsidiaries. By 1934, it was clear that Commonwealth and Southern could not hope to compete successfully

with a governmentally subsidized electric utility, so in that year the company arranged to sell to TVA certain of its transmission and distribution lines in Northeast Mississippi, in Northwest Alabama adjacent to Muscle Shoals, and in Northeast Tennessee adjacent to Cove Creek. The sale of these properties proved of no long-range benefit insofar as government competition was concerned.

By the end of 1936, TVA had completed three new dams and power plants, with a generating capacity of 348,000 kilowatts. It had also built 1,300 miles of transmission lines. Four more dams and power plants were under construction. To assure that municipalities in the area would take their power requirements from TVA projects, a newly created Public Works Administration in Washington was making outright gifts to them of 45 percent of the cost of building distribution systems to duplicate the existing facilities of Commonwealth and Southern affiliates. PWA also was offering to lend the municipalities the balance of the cost of their duplicating facilities at low rates of interest, but with the specific proviso that no part of the PWA funds could be used to purchase existing investor-owned facilities. At that point it seemed clear that the Washington planners and their TVA colleagues intended not only to duplicate but to destroy the investor-owned companies in the area which TVA had set out to serve.

Accordingly, 19 electric utility companies in the Southeast filed suit against TVA in the United States District Court for the Eastern District of Tennessee on May 29, 1936, seeking to enjoin TVA on broad constitutional grounds from generating and distributing electricity in the areas served by the complainants. The District Court dismissed the suit and an appeal was taken to the Supreme Court of the United States which, on January 30, 1939, ruled that, in spite of the damage and threatened damage claimed by the 19 companies, they had no right to sue TVA. The Supreme Court's reasoning was that, since the franchises under which the companies were operating were non-exclusive, they were not entitled to protection from competition, irrespective of the constitutional grounds asserted in their petition. As a consequence of this technicality, TVA has to this day escaped a judicial test of its constitutionality.

Eight months after the Supreme Court's decision, Commonwealth and Southern sold the entire properties of the Tennessee Electric Power Company, one of its largest subsidiaries, to TVA and a group of TVA municipal customers. Later in the same year, Mississippi Power Company sold its properties in Northern Mississippi to the TVA group and on July 18, 1940 Alabama Power Company conveyed its North Alabama properties to the same purchasers.

The price paid for the Tennessee properties, although less than their full value, nevertheless was substantially more than was originally offered by TVA and the municipalities. To Wendell Willkie, who had succeeded Mr. Martin as President of Commonwealth and Southern in January, 1933, belongs credit for avoiding a sale to TVA at a price which would have represented a catastrophic loss to his company, its investors and creditors.

Wendell Willkie was characterized in an article in *The Saturday Evening Post* as "The Man Who Talked Back"—and talk he did—in the press, in testimony before congressional committees, in public debate, and in speeches—defending not only Commonwealth and Southern but the Nation's electric utility industry in general against political attack. He argued in behalf of his companies and other segments of the industry with a charm and eloquence that won him lasting respect and which helped to bring about more equitable solutions of some of the complex problems of the turbulent thirties.

Mr. Willkie was a born salesman, although he was trained for the law. In the depths of the depression as President of Commonwealth and Southern, he hired 500 additional salesmen and offered bonuses to other employees to "sell his companies out of the depression." He was delighted when an elevator operator employed by one of the system companies failed to recognize him as the corporation's chief executive and tried to sell him an electric refrigerator.

The second critical threat to Commonwealth and Southern was the Public Utility Holding Company Act of 1935. Although the legislation embodied many of the same principles, policies and procedures first espoused by the organizers of Commonwealth and

Southern, nevertheless its provisions, particularly its "Death Sentence" proviso, went far beyond what Mr. Willkie considered necessary. Mr. Willkie led a determined assault upon its more objectionable features, and succeeded to some extent in softening its punitive and destructive thrust—not enough, however, to prevent the Securities and Exchange Commission from ordering dissolution of Commonwealth and Southern under that legislation in April, 1942. Five years later, in implementation of its dissolution order, the Commission authorized the creation of a brand-new holding company to take over and operate four of The Southern properties of Commonwealth and Southern (namely the Alabama, Georgia, Gulf and Mississippi Power Companies) as a single interconnected and coordinated electric system. The name of the new holding company—the very first to be sanctioned under the Public Utility Holding Company Act of 1935—was The Southern Company. Its birthday, insofar as Commission approval was concerned, was August 1, 1947, although its corporate organization was not completed until September of that year and 1949 was its first full year of operation as an independent corporate entity. In a very true sense Southern was a child of political travail.

At its birth, Southern inherited the physical properties and assets of four well-established electric utilities, but its heritage included much more than mere plants, lines, substations and buildings. It included also the wealth of experience accumulated by men who had served Alabama Power, Alabama Traction, Southeastern, Commonwealth and other predecessor companies—experience covering not only the fiscal and technical aspects of managing and developing an electric utility business, but the human aspects as well.

Today's Southern Company system mirrors the early dreams of James Mitchell and Thomas W. Martin. It also mirrors the engineering genius of Eugene A. Yates, whose studies in the early twenties so clearly established the feasibility of an interconnected and coordinated network of Southeastern power facilities to serve regional needs.

It was most fitting that Mr. Yates, at Mr. Martin's insistence, was named as Southern's first President in 1947. He occupied

that position until 1950 when he was elevated to the Chairmanship of the Board, the position he held until his death in 1957.

Mr. Yates' career with Southern and its predecessor and affiliated companies covered a period of 45 years. In addition to his early power network studies, he played a major part in the design and construction of Alabama Power Company's first six hydroelectric projects on the Coosa and Tallapoosa Rivers. He served as Alabama Power's Vice-President and General Manager and later in a similar post with Southeastern Power and Light Company before becoming, in 1930, Vice-President of Commonwealth and Southern and sponsor of its Southern group of companies.

The late John Temple Graves, *Birmingham Post-Herald* columnist, said of Mr. Yates: "History will count him a vital factor in the 'Industrial Revolution in the South,' a revolution powered by decentralizing, individualizing, humanizing electricity . . . (he was) an engineer, an executive, a man of science, and also an economic statesman—one of the South's great ones."

When Mr. Yates became Chairman of Southern's Board in 1950, C. B. McManus, whose achievements have already been described, was named as its second President.

One cannot recount the achievements of the Alabama Power Company or The Southern Company without a special mention of James M. Barry. Mr. Barry, a native of California, began his career with Alabama Power Company in 1918. Shortly thereafter he was named Manager of the company's Eastern Division, whose 4,600 customers at that time constituted almost half of the company's total customers. He became Assistant Chief Engineer of the Alabama Power Company in 1921 and, in that capacity, played an active role in building Mitchell Dam on the Coosa River. He was elected Vice-President of the company in 1926; Director in 1930; and, in 1949, succeeded Mr. Martin as President when the latter moved up to the Chairmanship of the Alabama Power Company Board. In 1956, Mr. Barry was elected Chairman of the Executive Committee of The Southern Company, a position he filled with great distinction until his retirement in 1958.

Attracting and holding the interest and favor of investors in

an already crowded equity market was one of the first challenges which Mr. Yates and his Southern Company associates had to meet. One of those who played a leading role in meeting that challenge was James F. Crist, another talented alumnus of the Alabama Power Company. Mr. Crist, who had risen to a Vice-Presidency of the South Carolina Power Company when that company was a part of the Commonwealth and Southern System, was brought by Mr. Yates to Southern as Vice-President in 1947. He arranged most of Southern's meetings with security analysts, security dealers, institutional investors and stockholders. He also helped set up the company's national advertising campaign, a campaign designed to promote Southern's four-state service area. That campaign is now in its eleventh year.

Mr. Crist also made impressive contributions to the engineering and budgeting functions of Southern. He served as President of the Gulf Power Company and of Southern Electric Generating Company during periods of his long tenure with the parent company, and at the time of his retirement in late 1965 he had completed five years of outstanding accomplishment as Southern's Executive Vice-President.



A significant achievement by Southern was the formation in 1949 of Southern Services, Inc., which was set up to perform specialized services for its system companies, including the coordination of power operations, the centralized dispatching of system power plants, the design of major generation and transmission facilities, long-range system planning, and special assistance in such varied and highly technical fields as insurance, sales, marketing, personnel administration, and purchasing.

Southern Services' first President was H. J. Scholz, one of America's truly brilliant power engineers. Mr. Scholz began his 36 years' association with Southern and its predecessor companies in 1921 when he joined Alabama Power Company as a young engineer. He served in numerous supervisory positions with the affiliated companies before becoming President of the service company in 1949. He was one of the major planners of the integrated Southern Company system and was responsible for super-

vising its planning, construction and power pool operations until his retirement from Southern Services in 1957.

The President of Southern Services today is Ernest C. Gaston, who joined the system immediately after his graduation in engineering from the University of Alabama in 1923. During his long and useful career, Mr. Gaston has rendered unmatched service to Southern and its affiliates. Every major plant in Southern's far-flung system today bears some mark of his imagination and genius. Among the many honors received by Mr. Gaston have been the George Westinghouse Gold Medal which was awarded to him by the American Society of Mechanical Engineers; and an Honorary Doctor of Science Degree conferred upon him in 1965 by his Alma Mater, the University of Alabama. The new one-million kilowatt steam electric generating plant of Southern Electric Generating Company at Wilsonville, Alabama, now the Southern system's largest, was named in his honor in 1964.



Another whose name belongs on the roster of Alabama Power Company "greats" was Lewis M. Smith. Mr. Smith was first employed by Alabama Power Company in 1923 as a draftsman. He thereafter served in many responsible positions with that company rising to the Presidency in 1952 and becoming its Vice-Chairman in 1957. A dam and reservoir on the Warrior River are named in his memory.

New dams and reservoirs on the Coosa bear the names of Ferdinand C. Weiss, William Logan Martin, Walter Bouldin and Neely Henry. Mr. Weiss, as Vice-President and Chief Engineer of Alabama Power Company during the 1940-50's, was the man more than any other who translated the Mitchell-Martin dream of a completely developed Coosa River into reality. The late Judge Martin, a brother of Mr. T. W. Martin, was a nationally renowned utility lawyer. He represented Alabama Power Company in a number of historic law cases and was for many years that company's wise legal counselor. Messrs. Bouldin and Henry are still in active service with the company, Mr. Bouldin being now its President and Mr. Henry its Senior Executive Vice-

President. Later historians will record their notable contributions to the development of electricity in Alabama.



Construction expenditures by the Southern system in 1949, its first full year of operation as an independent corporate entity, totalled \$57 million. This year they will exceed \$240 million, and in the three years, 1966-68, they are expected to total nearly \$700 million.

On January 1 of this year, the Southern system had an installed generating capability of more than 7½ million kilowatts, compared with only 1.7 million kilowatts at the end of its first year of corporate existence in 1949. Its gross plant investment at the end of last year was more than \$2.3 billion dollars compared with only \$500 million at the end of 1949.

As of last year, Southern was No. 1 among U.S. investor-owned electric utility companies in maximum peak demand, second in sales of electric energy, and second in average use of electricity by residential customers.

I would close by reiterating that The Southern Company is much more than a mere compendium of dollar and kilowatt statistics. It is, first of all, people. Throughout its many years, the system has been bountifully blessed with dedicated and gifted men and women. I have been able to mention only a few of them tonight. By all odds, the most remarkable was Thomas W. Martin, who was still serving actively as Chairman of the Board of Alabama Power Company, and as a Director of The Southern Company, when he died in December, 1964, at the age of 83 years.

Many richly deserved honors were bestowed on Mr. Martin, one of the most notable being a resolution adopted by the Alabama Legislature in 1961 proclaiming his birthday—August 13—as “Thomas W. Martin Day” in Alabama. Addressing a joint session of the Alabama House and Senate on that occasion, Mr. Martin concluded his remarks by quoting certain words of Barbara Ward Jackson, a noted writer. I should like to quote the same words since they so completely epitomize the adventuring spirit,

the vision and the indomitable courage of Thomas W. Martin and the others who did so much to bring electricity to our beloved Southland. Said Mrs. Jackson:

“. . . Our great days are ahead. In every area of concern to man we are still camped at the beachheads. The road into the unknown is still being charted . . . the environment of the twentieth century is not designed for the static, the stagnant, the complacent, or the smug. It is designed for men who dare greatly and dream greatly and let their work catch up with their dreams.”

THE END



“Actorum Memores simul affectamus Agenda!”



THE NEWCOMEN SOCIETY in North America

IN APRIL, 1923, the late L. F. Loree (1858-1940) of New York, then *dean* of American railroad presidents, established a group now known as "American Newcomen" and interested in Material History, as distinguished from political history. Its objectives center in the beginnings, growth, development, contributions, and influence of Industry, Transportation, Communication, the Utilities, Mining, Agriculture, Banking, Finance, Economics, Insurance, Education, Invention, and the Law—these and correlated historical fields. In short, the background of those factors which have contributed or are contributing to the progress of Mankind.

The Newcomen Society in North America is a non-profit membership corporation chartered in 1961 under the Charitable Law of the State of Maine, with headquarters on North Ship Road, Urechlan Township, Chester County, Pennsylvania, some five miles east of Downingtown, Pennsylvania, and 32 miles west of the City of Philadelphia. Here also is located The Thomas Newcomen Memorial Library in Business History, a reference collection, including microfilm, open to the public for research and dealing with the subjects to which the Society devotes attention.

Meetings are held throughout the United States of America and across Canada at which Newcomen Addresses are presented by leaders in their respective fields. These manuscripts represent a broadest coverage of phases of Material History involved, both American and Canadian.

The approach in most cases has been a life-story of corporate organizations, interpreted through the ambitions, the successes and failures, and the ultimate achievements of those pioneers whose efforts laid the foundations of the particular enterprise.

The Society's name perpetuates the life and work of Thomas Newcomen (1663-1729), the British pioneer, whose valuable contributions in improvements to the newly invented Steam Engine brought him lasting fame in the field of the Mechanic Arts. The Newcomen Engines, whose period of use was from 1712 to 1775, paved a way for the Industrial Revolution. Newcomen's inventive genius preceded by more than 50 years the brilliant work in Steam by the world-famous James Watt.

The Newcomen Society in North America is affiliated with The Newcomen Society for the Study of the History of Engineering and Technology, with offices at The Science Museum, South Kensington, London, S.W. 7, England. The Society is also associated in union with the Royal Society for the Encouragement of Arts, Manufactures and Commerce, whose offices are at 6 John Adam Street, London, W.C. 2, England.



Members of American Newcomen, when in Europe, are invited by the Dartmouth Newcomen Association to visit the home of Thomas Newcomen at Dartmouth in South Devonshire, England, where the festival of "Newcomen Day" is celebrated each year on the fourth Friday in July.